Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Texas	)	CC Docket No. 00-4

REPLY COMMENTS OF MCI WORLDCOM, INC., ON THE APPLICATION BY SBC FOR AUTHORIZATION TO PROVIDE IN-REGION, INTERLATA SERVICES IN TEXAS

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INTRODUCTION AND SUMMARY

The Evaluation of the Department of Justice and the comments of competitive local exchange carriers ("CLECs") in Texas confirm that, among a range of other problems, Southwestern Bell's ("SWBT") Operations Support Systems ("OSS") are defective and cannot handle commercial volumes of orders. MCI WorldCom is preparing for possible entry into the Texas local market using a combination of unbundled elements (UNE-P), but whether and to what extent MCI WorldCom will be able to bring competition to Texas consumers depends on SWBT solving the substantial remaining OSS problems, and eliminating several other barriers to entry including unlawful "glue charges" that greatly increase competitors' costs.

The Department of Justice identified many of the continuing impediments to an open market in Texas, including SWBT's inadequate and discriminatory performance in providing competitors access to DSL-based services, and its poor performance providing access to unbundled loops and UNE-P. MCI WorldCom agrees with the Department's concerns in these areas and defers to the comments of the "data CLECs" for a full discussion of the DSL issues. With respect to SWBT's provision of other unbundled elements, including voice-grade loops and UNE-P, MCI WorldCom is especially well qualified to explain the grave impact of SWBT's poor performance and system deficiencies on the still-fragile prospects for local competition in Texas.

MCI WorldCom understands the extent and impact of these barriers because it has participated in carrier-to-carrier testing with SWBT, has attempted to work with SWBT to secure improvements to its OSS, is attempting to determine the viability of market entry in Texas, and

has placed hundreds of thousands of UNE-P orders in a commercial setting in New York. That experience demonstrates unequivocally that an incumbent such as SWBT that cannot provide consistent performance and service to competing carriers at low volumes, and that relies excessively on manual processes, will not be able to handle commercial volumes of orders. Consumers and competition will suffer accordingly.

The stark reality is that SWBT's OSS is markedly inferior to Bell Atlantic's, yet even Bell Atlantic cannot handle CLECs' increasing order volumes. The systemic defects in SWBT's OSS – particularly those requiring excessive manual handling of orders – and its inadequate performance in handling small volumes of orders, are a recipe for disaster if competitors attempt to ramp up to commercial volumes in Texas. SWBT's OSS is not yet ready and does not meet the requirements of the Commission's prior section 271 orders.

MCI WorldCom's Reply Comments are organized as follows: First, MCI WorldCom explains that SWBT has not resolved long-standing, systemic defects in its OSS. With one exception, these systemic problems were never present in Bell Atlantic's OSS, or were eliminated by Bell Atlantic before it submitted its section 271 application to this Commission. The one exception – excessive manual handling of orders by Bell Atlantic – remains a problem in New York and is one cause of Bell Atlantic's inability to handle the volume of orders competitors have placed in recent months. SWBT has not corrected five long-standing defects in its OSS:

- SWBT's failure to offer a pre-order interface that allows CLECs to obtain service addresses and use them to populate an order, as CLECs can do in New York;

- SWBT's division of each order into three separate orders and its inability to ensure that the three distinct orders remain coordinated, a problem that does not exist in New York;

- SWBT's failure to implement a process for receiving updates to the Line Information Database ("LIDB") (which contains information on a customer's long distance carrier and is used to trigger branding on directory assistance and operator service calls) via the local service order form ("LSR") – a problem that does not exist in New York;

- SWBT's excessive level of manual processing, including a high level of manual processing of rejects, manual processing of supplemental orders to correct rejects, and delayed processing due to SWBT's "folders" bottleneck; and

- SWBT's inability to allow CLECs to access electronic maintenance and repair functionality during the initial critical period after installation, a problem that Bell Atlantic cured prior to applying for section 271 authority in New York.

In addition to these important problems that SWBT has not addressed, SWBT has at least attempted – albeit unsuccessfully – to remedy one other systems defect, also involving LIDB. On January 15, 2000, after filing its section 271 application, SWBT introduced functionality to allow carriers to update LIDB for initial orders through an LSR. If this functionality were working properly, LIDB changes would result in directory assistance and operator calls receiving CLEC branding rather than SWBT branding. Yet in processing a modest number of test orders from MCI WorldCom, SWBT made branding errors on over two-thirds of the orders. Finally, with respect to a seventh system defect, SWBT's inability to properly "relate" multiple orders, SWBT has regressed, postponing indefinitely a partial fix it had promised to implement in January.

As the Department of Justice recognized, SWBT's OSS problems will have a direct and serious impact on consumers and allow SWBT to increase the costs to competitors of entering the Texas market. For example, SWBT's OSS deficiencies result in delayed service to

customers, loss of dial tone, and double billing – all of which not only harm customers directly, but also a CLEC's reputation and its ability to attract new customers. SWBT's failure to correct these problems also leads to increased costs of entry to competitors, who must, among other things, hire additional staff and divert existing staff from more productive activities in order to conduct unnecessary manual order entry, respond to excessive rejects, manually handle trouble tickets, enter LIDB updates, and handle increased customer complaints due to delayed service, lost dial tone, and billing and other service problems caused by SWBT.

Second, MCI WorldCom discusses SWBT's recent poor performance, as depicted in SWBT's monthly reports. The impact of some of the OSS defects can be seen in the performance reports, such as the high percentage of rejected orders due to SWBT's failure to provide parsed Customer Service Records ("CSRs"). Remarkably, SWBT's statewide performance reports show that it has missed approximately one out of every five performance standards in each of the three months preceding its application, even though it is handling small order volumes and has every incentive to perform adequately to obtain section 271 approval. Moreover, SWBT's performance is likely even worse than indicated in its reports given its obvious incentive to mask inadequate performance; as the Department of Justice emphasizes, a comprehensive and independent audit of all of SWBT's data and measurements is sorely lacking, and discrepancies in SWBT's reported data are already coming to light.

It is equally important to recognize that the adverse impact from SWBT's inadequate support systems does not always manifest itself in the reported data, even if the data were reliable and compliant with established standards. For example, performance reports do not measure the

significant increased costs CLECs must incur typing in orders due to the lack of parsed CSRs, the delays to customers and increased costs to competitors from having to submit trouble tickets manually before orders are posted to billing, or the customer harm and increased expense caused by SWBT's inability to accept orders changing a customer's long distance provider until a completion notice has been received (which is often delayed). These burdens and unnecessary costs – obvious barriers to entry into the Texas local market – are not borne by competitors in New York because these OSS defects are not present in Bell Atlantic's systems in New York.

Finally, MCI WorldCom addresses the Texas PUC's comments defending SWBT's unlawful glue charges for UNE-P. Contrary to the PUC's suggestion, the record is clear that SWBT imposes these charges for the phantom act of separating and recombining pre-existing combinations of elements, in direct violation of the Commission's Rule 315(b) upheld by the Supreme Court in Iowa Utilities Board.

All these problems could be resolved without substantial delay – if SWBT were motivated to do so – and must be resolved prior to section 271 authorization for local competition to succeed. The unlawful glue charge can be eliminated immediately. As to the OSS issues, SWBT should expeditiously resolve the remaining systemic problems and prove, through independently audited data, that the fixes work as advertised and that it can consistently process commercial volumes of CLEC orders in a reasonable and nondiscriminatory manner. Local competition will fail if these threshold requirements are not met – requirements the Commission has squarely set forth in its prior section 271 orders.

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Local competition in Texas cannot yet succeed for the principal reason that, as the Department of Justice correctly concludes, SWBT's OSS is inadequate. In addition to the Department's Evaluation, the experience of multiple CLECs confirms MCI WorldCom's analysis in its initial Comments that SWBT's OSS contains several fundamental systemic defects that are already causing poor performance by SWBT and are likely to cause significantly worse performance as order volumes increase. SWBT is currently processing only a small volume of unbundled network element ("UNE") orders each month and is already experiencing substantial problems. MCI WorldCom's experience in New York, with OSS that was far more thoroughly tested and that initially appeared to work adequately, shows that any evidence of systemic problems at low volumes is likely to become far worse as order volumes increase. SWBT does not meet the requirements of section 271 at this time because its OSS is not operationally ready and cannot handle commercial volumes of orders.

SWBT's application should be denied for the further reason that it imposes unlawful glue charges on CLECs who purchase UNE-P. The glue charges plainly violate the Commission's pricing rules, upheld by the Supreme Court against SWBT's challenge.[1/]

I. SWBT'S LONG-STANDING SYSTEMIC DEFICIENCIES PRECLUDE EFFECTIVE UNE-BASED COMPETITION

SWBT has not corrected long-standing systemic defects discussed by MCI WorldCom in its initial Comments – defects that MCI WorldCom and other CLECs raised throughout the "collaborative" process with SWBT over the past year. Indeed, as discussed below, the only systems fix implemented by SWBT in recent months relates to a partial remedy to the "LIDB" problem, and even that process is not working as it should. On one issue – the related order problem discussed in MCI WorldCom's initial Comments (at 29-30) – SWBT has moved backwards. The partial fix it had originally promised to implement in January has now been postponed indefinitely. Moreover, SWBT has not made any progress with respect to the other systems problems discussed by MCI WorldCom – service address problems, disassociation of service orders, inability to submit trouble tickets until orders have cleared billing, excessive levels of manual processing, and inability to successfully coordinate cutovers.[2/] Meetings with

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1/ There are several additional defects in SWBT's application, discussed in MCI WorldCom's initial Comments. These include SWBT's grossly inadequate performance remedy plan (evidenced by the insignificant remedy amounts triggered to date despite SWBT's poor performance), SWBT's discriminatory policy concerning third party intellectual property claims, and additional OSS issues such as change management. Because no party rebutted MCI WorldCom's discussion of these problems, MCI WorldCom has not further addressed these important issues in these Reply Comments.

2/ Perhaps recognizing these gaping holes in its Application, SWBT recently announced that one month from now it will attempt to implement a possible means of enabling CLECs to submit

SWBT and questions posed to SWBT on these issues continue to result in evasive and inconsistent statements by SWBT. See Joint Reply Declaration of Terri McMillon, John Sivori and Sherry Lichtenberg on Behalf of MCI WorldCom, ¶ 6 ("McMillon, Sivori & Lichtenberg Reply Decl.") (ex. A hereto). Indeed, it does not even appear that SWBT is capable of fully explaining what happens to orders in its back-end systems. Id.

The systemic defects in SWBT's OSS are already causing substantial harm to CLECs and their customers. CLECs must hire additional personnel and hand-hold orders to compensate for SWBT's systemic defects. Indeed, MCI WorldCom estimates that as a result of these systemic defects, the cost of processing UNE-P orders and handling troubles associated with those orders will be 25% higher in Texas than in New York, where costs are already excessive as a result of problems with Bell Atlantic's performance. McMillon, Sivori & Lichtenberg Reply Decl. ¶¶ 7-12.

CLEC customers face delays, lost dial tone, double billing and other problems. As explained below, these impacts have been confirmed by the filings of other CLECs and by SWBT's own ex parte filings with the Commission. Nonetheless, the Texas PUC concludes in its Evaluation that SWBT's OSS is ready. The PUC does so, however, with little or no discussion of the remaining systemic defects in SWBT's OSS.

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trouble tickets immediately after orders are completed. Of course, such untested promises of future compliance do not show that SWBT is complying now, and paper promises of future compliance cannot be relied upon to gain section 271 approval. See NY Order ¶ 37. (A table of citation abbreviations and corresponding full citations is provided above, following the Table of Contents.)

No Integration of Pre-Order and Order Interfaces

The first fundamental defect in SWBT's OSS is its failure to offer a pre-order interface that can be successfully integrated with an EDI order interface. There continues to be no evidence that SWBT's interfaces are integratable. Although a 1998 Texas PUC staff report concluded that "[a]s discussed in the FCC's Second BellSouth Order, SWBT needs to provide the ability for a CLEC to develop an integrated reorder/order tool in its EDI in order to satisfy Section 271," and that "Staff believes that testing of current EDI/Datagate integration capability must be conducted to assure that SWBT's systems meet the criteria set forth by the FCC,"[3/] such a test was later removed from the scope of Telcordia's work. There is no evidence that any CLEC has successfully integrated pre-order and order functions.

To the contrary, as far as MCI WorldCom is aware, AT&T is the only CLEC that has attempted to build an integrated pre-order and order interface in Texas. AT&T attempted to do so only for functions related to service addresses,[4/] but that attempt has not succeeded. McMillon, Sivori & Lichtenberg Reply Decl. ¶¶ 15-16, 18. SWBT's failure to provide fully parsed service addresses and its requirement that CLECs enter an address on every order caused AT&T to attempt to parse those addresses itself – an undertaking that failed. For CLECs to parse

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3/ Final Staff Report on Collaborative Process, Project No. 16251, at 170-71 (PUC Nov. 18, 1998) (emphasis added) (SWBT App. C, Tab 1233).

4/ It is important that all pre-order functions, not just those related to service addresses, be integratable. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 15.

addresses provided by SWBT would require that SWBT provide extremely detailed parsing rules, which it has not done.[5/]

CLECs are therefore left with the option of re-typing addresses obtained at the pre-order stage onto every order, leading to significantly increased costs as well as errors that cause orders to be rejected.[6/] McMillon, Sivori & Lichtenberg Reply Decl. ¶¶ 22-23. SWBT's February 10 ex parte filing demonstrates the fallacy of its position that CLECs can successfully work around the absence of fully parsed CSRs by entering addresses obtained from the CSR into the address validation function, and then using the address information that is returned to populate orders. In addition to the defects with this approach that MCI WorldCom discussed in its initial filing, see McMillon & Sivori Decl. ¶¶ 55-58, SWBT's ex parte demonstrates that this approach would lead to loss of dial tone for many customers. As further explained below, SWBT's ex parte makes clear that CLECs must populate Local Service Requests (LSRs) with addresses obtained from CSRs in order to avoid loss of dial tone. But if CLECs use parsed information from the address

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5/ In any event, parsing should not be a CLEC's responsibility. It is SWBT, not CLECs, that understands the requirements of its systems and is in the best position to parse the data. Moreover, requiring CLECs to parse addresses does not provide parity, because SWBT does not have to parse addresses on the retail side. Its systems do not require that retail orders be submitted in parsed format. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 19.

6/ AT&T confirms MCI WorldCom's conclusion that SWBT does not provide fully parsed service addresses through its Datagate interface. Dalton & DeYoung Decl. ¶¶ 92-96. Birch confirms the existence of address mismatches in SWBT's databases and that the resultant rejection of addresses obtained from pre-order interfaces at the ordering phase force Birch to implement inefficient work-arounds. Tidwell & Kettler Aff. ¶¶ 37, 97-98. The existence of these problems, combined with SWBT's requirement that an address be entered on every order, including simple migration orders, disprove the unsupported assertion of the Texas PUC that CLECs can integrate SWBT's pre-order interfaces with their own systems. PUC Eval. at 33.

validation function to populate orders, as SWBT suggested in its Application, these addresses will sometimes be different from those on CSRs because addresses on CSRs are obtained from the CRIS database while the address validation function obtains address information from the PREMIS database. Thus, CLECs cannot rely on the address validation function as a basis for correcting addresses re-typed from CSRs; instead, they must re-type those addresses, submit them, and hope for the best. McMillon, Sivori & Lichtenberg Reply Decl. ¶¶ 20-22.

Even careful re-typing is likely to result in a significant number of errors. SWBT's January 21 ex parte filing shows that SWBT is incorrect that CLECs can avoid the high rate of rejected orders caused by the need to re-type addresses (as well as by defective documentation, invalid manual rejects and other causes). The breakdown on reject rates attached to that filing shows that without exception all CLECs experienced a high reject rate in November, the latest month for which SWBT presents data. The lowest reject rate for a CLEC ordering via EDI was 23.9%, the lowest for a CLEC ordering via LEX was 17.0%, and reject rates were relatively constant or actually increasing over time for most CLECs.

Many of these rejects result from SWBT's failure to provide fully parsed CSRs and its requirement that CLECs submit full addresses on every order. (Others are invalid rejects caused by SWBT's manual processing of rejects; still others result from poor documentation provided by SWBT to CLECs; and still others result from CLEC mistakes). Although SWBT does not present a breakdown of the cause of rejects for CLECs overall, it does present a partial breakdown for the cause of rejects of one CLEC that placed a relatively high percentage of the total orders received by SWBT. SWBT's breakdown shows that of the 17% of the CLEC's

orders that were rejected mechanically (without manual processing), invalid addresses accounted for approximately 29% of these rejects – by far the most significant category of rejects. February 14 ex parte filing. SWBT's February 4 ex parte filing shows that 28% of manually processed rejects are related to service address issues. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 22. Provision of fully parsed CSRs to CLECs and elimination of the requirement that CLECs submit addresses on migration orders would eliminate most rejects for invalid service addresses. In New York, when MCI WorldCom received parsed CSRs and began submitting orders without re-typing directory listing addresses, its reject rate fell by over one-third. Id. ¶ 23.

Some address rejects might still occur as a result of a different SWBT problem – mismatches in SWBT's databases. McMillon & Sivori Decl. ¶¶ 65-68. At different points in its back-end systems, SWBT appears to check addresses against both the CRIS database and the PREMIS database. Regardless which of these databases CLECs use to obtain an address to populate an order, there is always a risk that the order will be rejected because the address does not match the other database. This problem could be significantly reduced if SWBT did not require CLECs to populate addresses on migration orders. McMillon & Sivori Decl. ¶ 70.

The Commission has consistently emphasized that a BOC must provide an integratable pre-order and order interface. NY Order ¶ 137; LA II Order ¶¶ 94-100; SC Order ¶¶ 112, 156-59. The Commission has added that "parsed CSR functionality is necessary for carriers to integrate CSR data into their own back office systems . . . . [A BOC] must provide access to parsed CSR functionality that affords an efficient competitor a meaningful opportunity to compete." NY Order ¶ 151. Although integration of pre-order and order interfaces was an issue in New

York, Bell Atlantic was able to provide parsed CSRs prior to its section 271 application. Id. ¶¶ 133-34, 138, 151-52. Bell Atlantic also submitted evidence that all of its pre-order functions could be integrated with an EDI order interface. Id. ¶¶ 133-34, 138. SWBT's failure to do the same warrants rejection of its application.

The Disassociation of Service Orders

In emphasizing that CLECs must use the exact address obtained from the CSR to prevent loss of dial tone, SWBT's February 10 ex parte filing also underscores the second systemic defect in SWBT's OSS: SWBT's creation of three service orders from every LSR and its inability to ensure that those orders remain coordinated. SWBT creates a Change Order (C order), New Order (N order), and Disconnect Order (D order) from every LSR. When those orders do not remain coordinated, the result can be loss of dial tone, double billing, or a series of other problems.

Service orders can become disassociated in SWBT's systems as a result of any of a number of problems in the processing of those orders. McMillon & Sivori Decl. ¶¶ 97-105. One way in which service orders can become disassociated is if the service orders do not all contain the same address. Because SWBT places the address from the LSR on the C order but populates the N and D orders with an address obtained from CRIS (the same database from which the address on the CSR is obtained), the addresses on the service orders do not necessarily match. If these addresses do not match, the disconnect order will be processed separately from the change order, and the customer may lose dial tone. In its February 10 filing, SWBT confirms that

> [i]f the service address provided by the CLEC on the LSR is a valid address, but is different from the service address contained on the SWBT CSR [the address in the CRIS database] for the end-user . . . the RRSO FID will be overridden, and the two service orders will flow through all provisioning systems as independent service orders. The C order appears to the systems as new service picking up new assignments, and D will flow on Due Date and disconnect the old service.

February 10 ex parte at 2. Thus, if CLECs obtain an address from a source other than the CSR (such as the PREMIS database) or if CLECs make a mistake in retyping an address from the CSR onto an order (for example, typing 4 Elm Street instead of 44 Elm Street), the customer will lose dial tone. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 26. In addition, customers will lose dial tone if a SWBT representative fails to place the proper code on manually processed orders, or fails to change the due date on all three service orders when CLECs submit a supplemental order to change the due date, as well as for other reasons detailed in MCI WorldCom's initial Comments. McMillon & Sivori Decl. ¶¶ 97-105.

This problem with SWBT's OSS is reflected in CLECs' commercial experience. AT&T explains that 3% of its customers experienced outages or degraded service upon conversion in August through November. Dalton & DeYoung Decl. ¶ 166. The Texas PUC nonetheless states that disassociation of service orders is not a problem. It relies on the affidavit of SWBT's Candy Conway to conclude, based on SWBT's root cause analysis, that "70 of the 78 disassociated [AT&T] orders [analyzed by SWBT] resulted from CLEC errors. The actual amount of outage occurring during conversion caused by disassociation was actually .02 percent of the total orders." PUC Eval. at 54. However, even if SWBT's affidavit were assumed to be true and AT&T made errors on 70 of the orders, those orders still resulted in loss of dial tone for the

customer. It is SWBT's defective OSS that transformed AT&T's address errors – errors that are inevitable in a system requiring re-typing of address information – into loss of dial tone. In New York, in contrast, MCI WorldCom experiences no loss of dial tone during migration of UNE-P orders. McMillon & Sivori Decl. ¶ 110. Moreover, the loss of dial tone in Texas is likely to increase significantly as order volumes increase given that, as the Department of Justice explains, SWBT's current solution "is to manually monitor the service orders in its back-end systems to ensure that they complete properly" – a solution that will not be viable at commercial volumes. DOJ Eval. at 51.[7/]

Finally, SWBT's three-service-order process results in many problems beyond lost dial tone, as SWBT acknowledged during December User Forums with MCI WorldCom and other CLECs. McMillon & Sivori Decl. ¶ 112. In its filing, Birch states that disassociation of orders has caused "loss of dial tone, loss of long distance service, loss of vertical features, loss of outbound calling and double billing."[8/] Tidwell & Kettler Aff. ¶¶ 63-70. The Department of Justice also discusses the continuing existence of double-billing problems caused by failure of

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7/ The likelihood of an increased percentage of orders losing dial tone as volumes increase is also apparent from the fact that on over ten percent of the AT&T orders that lost dial tone, the cause was manual error by SWBT representatives in populating the different service orders. Dalton & DeYoung Decl. ¶ 166 & n.173. Such manual errors are likely to increase as volumes increase. Moreover, even the existing number of manual errors is far too high given the consequence of lost dial tone for the customer.

8/ The Texas PUC notes the existence of a double billing issue but states that it was resolved by Telcordia's findings that SWBT's processes minimized the risk of double billing. PUC Eval. at 43. However, whatever these undescribed processes are, they are apparently ineffective. As Birch describes, in commercial experience, disassociation of the three service orders in SWBT's back-end systems has led to double billing. Tidwell & Kettler Aff. ¶¶ 91, 107.

service orders to post to billing. DOJ Eval. at 42 & n.117. At the December 21 User Forum, SWBT explained that a special team was "looking at process improvements and providing a more timely ordering process and incorporating a process that will ensure that all orders remained synchronized through posting." McMillon & Sivori Decl. ¶ 96 and Att. 10. Until it does so, however, the risk of severe harm to customers is simply too high for CLECs to submit commercial volumes of orders.

Inability to Update LIDB Through Submission of an LSR

The third defect in SWBT's systems is that CLECs cannot accurately update the Line Information Database (LIDB) by submitting an LSR to SWBT. Aside from initial orders for new CLEC customers, SWBT simply does not accept LIDB updates transmitted on an LSR. Thus, for subsequent LIDB orders, including requests for changes to a customer's long distance carrier ("PIC changes"), CLECs must rely on inferior alternative processes. As a result, CLECs are unable to submit PIC changes until they receive completion notices on the initial orders they place for their customers, they are forced to rely on dual data entry of LIDB updates into their systems as well as SWBT's systems, and they have no access to information on the status of their update requests. McMillon & Sivori Decl. ¶¶ 89-92.

In addition, new MCI WorldCom data confirms that although SWBT has now implemented an LSR process for initial CLEC orders, even that process is not yet working successfully. Updates to LIDB should change branding on a customer's directory assistance and operator calls from SWBT to the CLEC. Yet when MCI WorldCom submitted seventeen orders to test SWBT's new LIDB process, MCI WorldCom experienced twelve branding problems on

those orders. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 31. Two customers had SWBT branding on 411 calls (seven and eight days after receipt of a SOC) and one had no branding (eight days after receipt of a SOC). Two had SWBT branding on 555-1212 calls (one and five days after receipt of a SOC) and four had no branding (one, two, seven and eleven days after receipt of SOCs). Id. Two had SWBT branding on operator calls (eight and nine days after receipt of a SOC) and one had no branding (ten days after receipt of a SOC). Id. These branding errors confuse customers, prompt calls to CLECs and make it more difficult for CLECs to retain their new customers. Id. ¶ 32.

The Texas PUC asserts that SWBT will provide CLECs parity access to LIDB, PUC Eval. at 73, but does not state how SWBT will do so. The PUC makes clear that SWBT is not currently doing so, stating that SWBT "expects deployment of on-going administration of the LIDB record through the LSR process for UNE-P orders to be completed by the end of 2000." Id. at 74. But this future "expectation" does not show current compliance. Indeed, SWBT has not even committed to a date certain for implementation of an LSR process for transmitting such orders, much less provided such a process. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 30. Until SWBT enables CLECs to update LIDB through an LSR process, as all other BOCs do, commercial volumes of orders are not viable. Id.

Too Much Manual Processing

The fourth defect in SWBT's systems – the high level of manual processing – is even more apparent now than at the time of MCI WorldCom's initial filing. SWBT manually processes far too many rejects and returns these manually processed rejects belatedly. The

Department of Justice explains that "[f]ewer and fewer of these [manually processed] rejects are being returned within the benchmark" and this is attributable to the increasing number of rejects that are being processed manually. DOJ Eval. at 40. Thus, in December SWBT returned manually processed rejects in 35.65 hours – more than 30 hours beyond the benchmark. McMillon & Sivori Decl. ¶ 159. The high percentage of rejects that are manually processed and SWBT's belated return of these rejects takes on particular importance given the high number of orders SWBT rejects (more than 30% in December). Id. ¶ 156.

In addition, SWBT manually processes too many orders – including supplemental orders submitted to correct manually processed rejects. In its initial filing, SWBT claimed that flow-through percentages for orders placed via EDI are extremely high. Ham Aff. ¶¶ 132-34. Yet SWBT's January 21 ex parte filing tells a somewhat different story. It shows a gradual reduction in flow-through of orders placed via EDI from 97.55% in August to 84.45% in November. For UNE-P, flow-through of EDI orders drops from 98.31% to 88.02%. For loop and loop with LNP orders, flow-through drops from near 100% to below 30%. For LEX orders, which depend on the same back-end systems as EDI orders, flow-through remained below 60% in November for UNE-P, UNE-L, and resale.[9/]

9/ SWBT's flow-through reporting also appears to be inaccurate. Calculations based on SWBT's Jan. 21 ex parte filing show that more than 10% of UNE-P orders and more than 13% of all orders had to be manually processed in November because they were supplemental orders to correct manually processed rejects. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 37. Thus, for SWBT's claim of 88% UNE-P flow-through in November to be true, fewer than 2% of orders would have dropped out for any other reason. This is yet another example of the importance of an end-to-end independent audit of all performance reports and data SWBT relies on in support of its Application.

Moreover, flow-through rates are significantly worse than these reports suggest because of limitations in SWBT's reporting. SWBT's calculation of flow-through does not include orders that fall out to manual processing after reaching SWBT's SORD system. McMillon & Sivori Decl. ¶ 117. This is the point at which many CLEC orders (but not SWBT's own retail orders) fall out because SWBT does many of its edits at this point in the process. McMillon, Sivori & Lichtenberg Reply Decl. ¶ 36. SWBT also bases its calculation on service orders rather than LSRs. This overstates the true flow-through rate as is apparent from the following example: if on every CLEC LSR, one of the three service orders created fell out for manual processing and two flowed through, SWBT would show a flow-through rate of 66.66%; yet CLECs would experience manual processing for 100% of their orders.

In addition to manually processing too many orders, SWBT's "folders" system delays the processing of orders. The PUC does not discuss "folders" at all, an issue MCI WorldCom has raised for the past two years. The affidavit submitted by Birch shows that folders continues to cause many orders to become "stuck" in SWBT's systems. Tidwell & Kettler Aff. ¶¶ 71-80. Indeed, Birch reports that at the time of its billing cycle, 25% of its November orders were "sitting in error status." Id. ¶ 79. This is very similar to the explanation SWBT provided to MCI WorldCom to explain orders lost by SWBT during a small MCI WorldCom test of UNE-P orders in 1998. McMillon & Sivori Decl. ¶ 128. Birch's experience suggests that nothing has changed. As explained below, MCI WorldCom experienced similar problems in New York – problems that escalated dramatically subsequent to approval of Bell Atlantic's section 271 application.